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O 231020Z JAN 08  
FM AMCONSUL SAO PAULO  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7835  
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RUEHBR/AMEMBASSY BRASILIA PRIORITY 8991  
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 8545  
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SUBJECT: MEDIA REACTION: ECONOMY: STOCK EXCHANGE TURBULENCE;  
MIDEAST, GAZA STRIP; SAO PAULO

#### "Boldness Versus Fear"

Center-right national circulation daily O Estado de S. Paulo's lead editorial maintained (1/23): "The Federal Reserve showed boldness by reducing 0.75% of the U.S. prime rate.... What caused panic in international stock exchange markets was President Bush's address announcing a series of fiscal measures last Friday.... The Fed's decision immediately calmed down the markets...but the NYSE operated under tough nervousness.... When the fiscal measures announced by the president are implemented, calm may return to the markets.... However, it's premature to say that the market's instability is over. The feeling that the U.S. crisis is more profound than one imagined is still strong.... In Brazil, contrary to what happened in crises during the past decade (Mexico, Asia and Russia), the economy is now in excellent condition to face financial turbulence without major problems, thanks especially to the comfortable situation of its foreign accounts. Even so, if the international crisis worsens, its effects will certainly affect Brazil."

#### "Gaza Again"

Liberal, largest national circulation daily Folha de S. Paulo editorialized (1/23): "The blockade imposed on the Gaza Strip is for Israel a legitimate way to put pressure on the Islamic radical group Hamas to prevent the launching of homemade rockets against its territory. Obviously, the Palestinian militias responsible for such an aggression have acted under the Islamic group's orders, or at least with its connivance. Hamas refuses to participate in peace negotiations with the Israelis.... It is not reasonable to suppose that Israel, under daily rocket attacks, will remain quiet."  
White